

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: To provide for a complete substitute.

**IN THE SENATE OF THE UNITED STATES—108th Cong., 1st Sess.**

**S. 811**

To support certain housing proposals in the fiscal year 2003 budget for the Federal Government, including the downpayment assistance initiative under the HOME Investment Partnership Act, and for other purposes.

Referred to the Committee on \_\_\_\_\_  
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENTS IN THE NATURE OF A SUBSTITUTE intended  
to be proposed by Mr. SHELBY

Viz:

1 Strike all after the enacting clause and insert the fol-  
2 lowing:

3 **TITLE I—DOWNPAYMENT**  
4 **ASSISTANCE**

5 **SECTION 101. SHORT TITLE.**

6 This title may be cited as the “American Dream  
7 Downpayment Act”.

8 **SEC. 102. DOWNPAYMENT ASSISTANCE INITIATIVE.**

9 (a) DEFINITIONS.—In this title:

1           (1) DOWNPAYMENT ASSISTANCE.—The term  
2           “downpayment assistance” means assistance to help  
3           a family acquire a principal residence.

4           (2) FAMILIES; FIRST-TIME HOMEBUYER; HOUS-  
5           ING; LOW-INCOME FAMILIES; UNIT OF GENERAL  
6           LOCAL GOVERNMENT.—The terms “families”, “first-  
7           time homebuyers”, “housing”, “low-income fami-  
8           lies”, and “unit of general local government” have  
9           the meanings given those terms under section 104 of  
10          the Cranston-Gonzalez National Affordable Housing  
11          Act (42 U.S.C. 12704).

12          (3) HOME REPAIRS.—The term “home repairs”  
13          means capital improvements and other activities nec-  
14          essary to—

15                (A) bring housing into compliance with all  
16                health and safety housing codes of the units of  
17                general local government in which the housing  
18                is located, including remediation of lead paint  
19                and other home health hazards; and

20                (B) make such housing decent, safe, and  
21                sanitary.

22          (4) SECRETARY.—The term “Secretary” means  
23          the Secretary of Housing and Urban Development.

1           (5) STATE.—The term “State” means any  
2       State of the United States and the District of Co-  
3       lumbia.

4           (b) GRANT AUTHORITY.—The Secretary may award  
5       grants to States and units of general local government to  
6       assist low-income families to achieve homeownership, in  
7       accordance with this title.

8           (c) ELIGIBLE ACTIVITIES.—

9           (1) IN GENERAL.—

10           (A) DOWNPAYMENT ASSISTANCE.—Subject  
11       to subparagraph (B), grants awarded under  
12       this title may be used only for downpayment as-  
13       sistance toward the purchase of single family  
14       housing (including 1 to 4 unit family resi-  
15       dences, condominium units, cooperative units,  
16       and a combination of manufactured housing  
17       and lot, or a manufactured housing lot) by low-  
18       income families who are first-time home-buyers.

19           (B) HOME REPAIRS.—Not more than 20  
20       percent of the grant funds provided under sub-  
21       section (d) to a State or unit of general local  
22       government may be used to provide assistance  
23       to low-income, first-time home-buyers for home  
24       repairs within 1 year of the purchase of a  
25       home.

1 (2) LIMITATIONS.—

2 (A) AMOUNT OF ASSISTANCE.—The  
3 amount of assistance provided to any low-in-  
4 come families under paragraph (1) shall not ex-  
5 ceed the greater of—

6 (i) 6 percent of the purchase price of  
7 a single family housing unit; or

8 (ii) \$10,000.

9 (B) PARTICIPATION.—A State or unit of  
10 general local government may not use any  
11 amount of a grant awarded under this title to  
12 provide funding to an entity or organization  
13 that provides downpayment assistance to low-  
14 income families, if the activities of that entity  
15 or organization are financed in whole or in part  
16 by contributions from the sellers of housing to  
17 low-income families.

18 (d) FORMULA ALLOCATION.—

19 (1) IN GENERAL.—For each fiscal year, the  
20 Secretary shall allocate any amounts made available  
21 for assistance under this title to each State in an  
22 amount equal to a percentage of the total allocation  
23 that is equal to the percentage of the national total  
24 of low-income families residing in rental housing in  
25 the State, as determined on the basis of the most re-

1 cent census data compiled by the Bureau of the Cen-  
2 sus.

3 (2) UNITS OF GENERAL LOCAL GOVERN-  
4 MENT.—

5 (A) IN GENERAL.—For each fiscal year, of  
6 the amount allocated to each State under para-  
7 graph (1), the Secretary shall further allocate  
8 from such amount to each unit of general local  
9 government within such State an amount equal  
10 to the percentage of the allocation made to the  
11 State under paragraph (1) that is equal to the  
12 percentage of the State-wide total of low-income  
13 families residing in rental housing in the juris-  
14 diction of such unit of general local government,  
15 as determined on the basis of the most recent  
16 census data compiled by the Bureau of the Cen-  
17 sus.

18 (B) LIMITATION.—Allocations made under  
19 subparagraph (A) that would be made to a unit  
20 of general local government with a total popu-  
21 lation less than 150,000 individuals, as deter-  
22 mined on the basis of the most recent census  
23 data compiled by the Bureau of the Census,  
24 shall revert to the State in which the unit of  
25 general local government is located.

1       (e) REALLOCATION.—If any amounts allocated to a  
2 State or unit of general local government under this title  
3 become available for reallocation, the amounts shall be re-  
4 allocated to other States and units of general local govern-  
5 ment in accordance with subsection (d).

6       (f) ADMINISTRATIVE COSTS.—

7           (1) IN GENERAL.—A State or unit of general  
8 local government may not use more than 5 percent  
9 of funds awarded under this title for administrative  
10 and planning costs of the State in carrying out this  
11 title.

12          (2) NON-PROFIT AND PRIVATE ENTITIES.—  
13 Subject to subsection (c)(2)(B), any entity or orga-  
14 nization that receives from a State or unit of general  
15 local government any funds awarded to the State or  
16 unit of general local government under this title may  
17 use not more than 5 percent of such funds for ad-  
18 ministrative and planning costs of the entity in pro-  
19 viding downpayment assistance.

20       (g) APPLICABLE PROVISIONS.—In addition to the re-  
21 quirements of this section, grants made under this title  
22 shall be subject to the provisions of title I, sections 215(b),  
23 218, 219, 221, 223, 224, and 226(a), and subtitle F of  
24 the Cranston-Gonzalez National Affordable Housing Act  
25 (42 U.S.C. 12704 et seq.).

1 (h) HOUSING STRATEGY.—To be eligible to receive  
2 a grant under this title in any fiscal year, a participating  
3 State or unit of general local government shall include in  
4 its comprehensive housing affordability strategy developed  
5 under section 105 of the Cranston-Gonzalez National Af-  
6 fordable Housing Act (42 U.S.C. 12705) for such fiscal  
7 year—

8 (1) a description of the anticipated use of any  
9 grant received under this title;

10 (2) a plan for conducting targeted outreach to  
11 residents and tenants of public housing, trailer  
12 parks, and manufactured housing, and to other fam-  
13 ilies assisted by public housing agencies, for the pur-  
14 pose of ensuring that grant amounts provided under  
15 this title to a State or unit of general local govern-  
16 ment are used for downpayment assistance for such  
17 residents, tenants, and families; and

18 (3) a description of the actions to be taken to  
19 ensure the suitability of families receiving downpay-  
20 ment assistance under this title to undertake and  
21 maintain homeownership.

22 (i) REPORT.—Not later than June 30, 2007, the  
23 Comptroller General of the United States shall submit a  
24 report containing a State-by-State analysis of the impact  
25 of grants awarded under this title to—

1           (1) the Committee on Banking, Housing, and  
2           Urban Affairs of the Senate; and

3           (2) the Committee on Financial Services of the  
4           House of Representatives.

5           (j) SUNSET.—The Secretary shall have no authority  
6           to make grants under this Act after December 31, 2007.

7           (k) RELOCATION ASSISTANCE AND DOWNPAYMENT  
8           ASSISTANCE.—The Uniform Relocation Assistance and  
9           Real Property Acquisition Policies Act of 1970 (84 Stat.  
10          1894) shall not apply to downpayment assistance under  
11          this title.

12          (l) AUTHORIZATION OF APPROPRIATIONS.—There is  
13          authorized to be appropriated to carry out this title  
14          \$200,000,000 for each of fiscal years 2004 through 2007.

## 15       **TITLE II—INTERGENERATIONAL** 16       **HOUSING ASSISTANCE**

### 17       **SECTION 201. SHORT TITLE.**

18          This title may be cited as the “Living Equitably:  
19          Grandparents Aiding Children and Youth Act of 2003”  
20          or the “LEGACY Act of 2003”.

### 21       **SEC. 202. DEFINITIONS.**

22          In this title:

23               (1) CHILD.—The term “child” means an indi-  
24          vidual who—



1 (A) is not attending school and is not more  
2 than 18 years of age; or

3 (B) is attending school and is not more  
4 than 19 years of age.

5 (2) COVERED FAMILY.—The term “covered  
6 family” means a family that—

7 (A) includes a child; and

8 (B) has a head of household who is—

9 (i) a grandparent of the child who is  
10 raising the child; or

11 (ii) a relative of the child who is rais-  
12 ing the child.

13 (3) ELDERLY PERSON.—The term “elderly per-  
14 son” has the same meaning as in section 202(k) of  
15 the Housing Act of 1959 (12 U.S.C. 1701q(k)).

16 (4) GRANDPARENT.—

17 (A) IN GENERAL.—The term “grand-  
18 parent” means, with respect to a child, an indi-  
19 vidual who is a grandparent or stepgrandparent  
20 of the child by blood or marriage, regardless of  
21 the age of such individual.

22 (B) CASE OF ADOPTION.—In the case of a  
23 child who was adopted, the term includes an in-  
24 dividual who, by blood or marriage, is a grand-

1 parent or stepgrandparent of the child as  
2 adopted.

3 (5) INTERGENERATIONAL DWELLING UNIT.—

4 The term “intergenerational dwelling unit” means a  
5 qualified dwelling unit that is reserved for occupancy  
6 only by an intergenerational family.

7 (6) INTERGENERATIONAL FAMILY.—The term

8 “intergenerational family” means a covered family  
9 that has a head of household who is an elderly per-  
10 son.

11 (7) PRIVATE NONPROFIT ORGANIZATION.—The

12 term “private nonprofit organization” has the same  
13 meaning as in section 202(k) of the Housing Act of  
14 1959 (12 U.S.C. 1701q(k)).

15 (8) QUALIFIED DWELLING UNIT.—The term

16 “qualified dwelling unit” means a dwelling unit  
17 that—

18 (A) has not fewer than 2 separate bed-  
19 rooms;

20 (B) is equipped with design features ap-  
21 propriate to meet the special physical needs of  
22 elderly persons, as needed; and

23 (C) is equipped with design features appro-  
24 priate to meet the special physical needs of  
25 young children, as needed.

1           (9) RAISING A CHILD.—The term “raising a  
2       child” means, with respect to an individual, that the  
3       individual—

4           (A) resides with the child; and

5           (B) is the primary caregiver for the  
6       child—

7           (i) because the biological or adoptive  
8       parents of the child do not reside with the  
9       child or are unable or unwilling to serve as  
10      the primary caregiver for the child; and

11          (ii) regardless of whether the indi-  
12      vidual has a legal relationship to the child  
13      (such as guardianship or legal custody) or  
14      is caring for the child informally and has  
15      no such legal relationship with the child.

16       (10) RELATIVE.—

17           (A) IN GENERAL.—The term “relative”  
18      means, with respect to a child, an individual  
19      who—

20           (i) is not a parent of the child by  
21      blood or marriage; and

22           (ii) is a relative of the child by blood  
23      or marriage, regardless of the age of the  
24      individual.

1 (B) CASE OF ADOPTION.—In the case of a  
2 child who was adopted, the term “relative” in-  
3 cludes an individual who, by blood or marriage,  
4 is a relative of the family who adopted the  
5 child.

6 (11) SECRETARY.—The term “Secretary”  
7 means the Secretary of Housing and Urban Develop-  
8 ment.

9 **SEC. 203. DEMONSTRATION PROGRAM FOR ELDERLY HOUS-**  
10 **ING FOR INTERGENERATIONAL FAMILIES.**

11 (a) DEMONSTRATION PROGRAM.—The Secretary  
12 shall carry out a demonstration program (referred to in  
13 this section as the “demonstration program”) to provide  
14 assistance for intergenerational dwelling units for  
15 intergenerational families in connection with the sup-  
16 portive housing program under section 202 of the Housing  
17 Act of 1959 (12 U.S.C. 1701q).

18 (b) INTERGENERATIONAL DWELLING UNITS.—The  
19 Secretary shall provide assistance under this section to  
20 private nonprofit organizations for use only for expanding  
21 the supply of intergenerational dwelling units, which units  
22 shall be provided—

23 (1) by designating and retrofitting, for use as  
24 intergenerational dwelling units, existing dwelling  
25 units that are located within a project assisted under

1 section 202 of the Housing Act of 1959 (12 U.S.C.  
2 1701q);

3 (2) through development of buildings or  
4 projects comprised solely of intergenerational dwell-  
5 ing units; or

6 (3) through the development of an annex or ad-  
7 dition to an existing project assisted under section  
8 202 of the Housing Act of 1959 (12 U.S.C. 1701q),  
9 that contains intergenerational dwelling units, in-  
10 cluding through the development of elder cottage  
11 housing opportunity units that are small, free-  
12 standing, barrier free, energy efficient, removable  
13 dwelling units located adjacent to a larger project or  
14 dwelling.

15 (c) PROGRAM TERMS.—Assistance provided pursuant  
16 to this section shall be subject to the provisions of section  
17 202 of the Housing Act of 1959 (12 U.S.C. 1701q), except  
18 that—

19 (1) notwithstanding subsection (d)(1) of that  
20 section 202 or any provision of that section restrict-  
21 ing occupancy to elderly persons, any  
22 intergenerational dwelling unit assisted under the  
23 demonstration program may be occupied by an  
24 intergenerational family;

1 (2) subsections (e) and (f) of that section 202  
2 shall not apply;

3 (3) in addition to the requirements under sub-  
4 section (g) of that section 202, the Secretary shall—

5 (A) ensure that occupants of  
6 intergenerational dwelling units assisted under  
7 the demonstration program are provided a  
8 range of services that are tailored to meet the  
9 needs of elderly persons, children, and  
10 intergenerational families; and

11 (B) coordinate with the heads of other  
12 Federal agencies as may be appropriate to en-  
13 sure the provision of such services; and

14 (4) the Secretary may waive or alter any other  
15 provision of that section 202 necessary to provide  
16 for assistance under the demonstration program.

17 (d) SELECTION.—The Secretary shall—

18 (1) establish application procedures for private  
19 nonprofit organizations to apply for assistance under  
20 this section; and

21 (2) to the extent that amounts are made avail-  
22 able pursuant to subsection (f), select not less than  
23 2 and not more than 4 projects that are assisted  
24 under section 202 of the Housing Act of 1959 (12  
25 U.S.C. 1701q) for assistance under this section,

1 based on the ability of the applicant to develop and  
2 operate intergenerational dwelling units and national  
3 geographical diversity among those projects funded.

4 (e) REPORT.—Not later than 36 months after the  
5 date of enactment of this Act, the Secretary shall submit  
6 a report to Congress that—

7 (1) describes the demonstration program; and

8 (2) analyzes the effectiveness of the demonstra-  
9 tion program.

10 (f) AUTHORIZATION OF APPROPRIATIONS.—There  
11 are authorized to be appropriated \$10,000,000 to carry  
12 out this section.

13 (g) SUNSET.—The demonstration program carried  
14 out under this section shall terminate 5 years after the  
15 date of enactment of this Act.

16 **SEC. 204. TRAINING FOR HUD PERSONNEL REGARDING**  
17 **GRANDPARENT-HEADED AND RELATIVE-**  
18 **HEADED FAMILIES ISSUES.**

19 Section 7 of the Department of Housing and Urban  
20 Development Act (42 U.S.C. 3535) is amended by adding  
21 at the end the following:

22 “(t) TRAINING REGARDING ISSUES RELATING TO  
23 GRANDPARENT-HEADED AND RELATIVE-HEADED FAMI-  
24 LIES.—The Secretary shall ensure that all personnel em-  
25 ployed in field offices of the Department who have respon-

1 sibilities for administering the housing assistance program  
2 under section 8 of the United States Housing Act of 1937  
3 (42 U.S.C. 1437f) or the supportive housing program  
4 under section 202 of the Housing Act of 1959 (12 U.S.C.  
5 1701q), and an appropriate number of personnel in the  
6 headquarters office of the Department who have respon-  
7 sibilities for those programs, have received adequate train-  
8 ing regarding the particular needs and problems of cov-  
9 ered families (as that term is defined in section 2 of the  
10 LEGACY Act of 2003), including appropriate affordable  
11 housing opportunities and legal custody issues.”.

12 **SEC. 205. STUDY OF HOUSING NEEDS OF GRANDPARENT-**  
13 **HEADED AND RELATIVE-HEADED FAMILIES.**

14 (a) IN GENERAL.—The Secretary and the Director  
15 of the Bureau of the Census jointly shall—

16 (1) conduct a study to determine an estimate of  
17 the number of covered families in the United States  
18 and their affordable housing needs; and

19 (2) submit a report to Congress regarding the  
20 results of the study conducted under paragraph (1).

21 (b) REPORT AND RECOMMENDATIONS.—The report  
22 required under subsection (a) shall—

23 (1) be submitted to Congress not later than 12  
24 months after the date of enactment of this Act; and



1           (2) include recommendations by the Secretary  
2           and the Director of the Bureau of the Census re-  
3           garding how the major assisted housing programs of  
4           the Department of Housing and Urban Develop-  
5           ment, including the rental assistance and public  
6           housing programs under the United States Housing  
7           Act of 1937 (42 U.S.C. 1437 et seq.) and the sup-  
8           portive housing for the elderly program under sec-  
9           tion 202 of the Housing Act of 1959 (12 U.S.C.  
10          1701q) can be used and, if appropriate, amended or  
11          altered, to meet the affordable housing needs of cov-  
12          ered families.

13 **TITLE III—ADJUSTABLE RATE**  
14 **SINGLE FAMILY MORTGAGES**  
15 **AND LOAN LIMIT ADJUST-**  
16 **MENTS**

17 **SEC. 301. HYBRID ARMS.**

18          (a) IN GENERAL.—Section 251(d)(1)(C) of the Na-  
19 tional Housing Act (12 U.S.C. 1715z–16(d)(1)(C)) is  
20 amended by striking “five” and inserting “3”.

21          (b) APPLICABILITY.—The amendment made by sub-  
22 section (a) shall apply to mortgages executed on or after  
23 the date of the enactment of this title.

1 **SEC. 302. FHA MULTIFAMILY LOAN LIMIT ADJUSTMENTS.**

2 (a) SHORT TITLE.—This section may be cited as the  
3 “FHA Multifamily Loan Limit Adjustment Act of 2003”.

4 (b) MAXIMUM MORTGAGE AMOUNT LIMIT FOR MUL-  
5 TIFAMILY HOUSING IN HIGH-COST AREAS.—Sections  
6 207(c)(3)(B), 213(b)(2)(B)(i), 220(d)(3)(B)(iii)(II),  
7 221(d)(3)(ii)(II), 221(d)(4)(ii)(II), 231(c)(2)(B), and  
8 234(e)(3)(B) of the National Housing Act (12 U.S.C.  
9 1713(c)(3)(B), 1715e(b)(2)(B)(i), 1715k(d)(3)(B)(iii)(II),  
10 1715l(d)(3)(ii)(II), 1715l(d)(4)(ii)(II), 1715v(c)(2)(B)),  
11 and 1715y(e)(3)(B)) are each amended—

12 (1) by striking “110 percent” and inserting  
13 “140 percent”; and

14 (2) by inserting “, or 170 percent in high cost  
15 areas,” after “140 percent”.

16 (c) CATCH-UP ADJUSTMENTS TO CERTAIN MAXIMUM  
17 MORTGAGE AMOUNT LIMITS.—

18 (1) SECTION 207 LIMITS.—Section  
19 207(c)(3)(A) of the National Housing Act (12  
20 U.S.C. 1713(c)(3)(A)) is amended by striking  
21 “\$11,250” and inserting “\$17,460”.

22 (2) SECTION 213 LIMITS.—Section  
23 213(b)(2)(A) of the National Housing Act (12  
24 U.S.C. 1715e(b)(2)(A)) is amended—

25 (A) by striking “\$38,025” and inserting  
26 “\$41,207”;

1 (B) by striking “\$42,120” and inserting  
2 “\$47,511”;

3 (C) by striking “\$50,310” and inserting  
4 “\$57,300”;

5 (D) by striking “\$62,010” and inserting  
6 “\$73,343”;

7 (E) by striking “\$70,200” and inserting  
8 “\$81,708”;

9 (F) by striking “\$49,140” and inserting  
10 “\$49,710”;

11 (G) by striking “\$60,255” and inserting  
12 “\$60,446”;

13 (H) by striking “\$75,465” and inserting  
14 “\$78,197”; and

15 (I) by striking “\$85,328” and inserting  
16 “\$85,836”.

Amend the title so as to read: “To provide downpay-  
ment assistance to low-income families living in rental  
housing.”.